



DEPARTMENT OF THE NAVY  
OFFICE OF THE CHIEF OF NAVAL OPERATIONS  
2000 NAVY PENTAGON  
WASHINGTON, D.C. 20350-2000

IN REPLY REFER TO  
OPNAVINST 5450.331  
N413  
14 May 98

OPNAV INSTRUCTION 5450.331

From: Chief of Naval Operations  
To: All Ships and Stations (less Marine Corps field  
addressees not having Navy personnel attached)  
  
Subj: RESPONSIBILITY AND AUTHORITY FOR NAVY EXCHANGE OPERATIONS  
  
Ref: (a) OPNAVNOTE 5450 Ser 09B22/3U510444 of 14 Jun 93  
(b) NAVCOMPT Manual, Vol. 7  
(c) OPNAVINST 1700.7D  
(d) OPNAVINST 1700.13A  
(e) SECNAVINST 5040.3  
(f) SECNAVINST 7548.1  
(g) NEXCOM Pub. 145

1. Purpose. To issue responsibility for policy, overall coordination and execution of Navy Exchange (NEX) programs within the Navy.

2. Background. Events have led to an ongoing drawdown of U.S. Military Forces and a renewed focus on reducing duplication and increasing efficiencies, while providing quality products and services at a savings for the NEX customer. The NEX is an integral part of the local command structure and enhances quality of life and family support. To provide for the viability of Navy nonappropriated fund (NAF) programs and to obtain further operational efficiencies, Navy leadership has recommended organizational changes in the operation of exchanges.

3. Navy Exchange Mission. To provide our customers quality goods and services at a savings, and to support quality of life programs.

4. Responsibility and Authority

a. NEXs are established by authority of the Secretary of the Navy and operate as a departmental activity of each base. Commander, Naval Supply Systems Command (COMNAVSUPSYSCOM) is designated program manager for NEXs, Navy Lodges and Navy Uniform Program and has delegated technical management responsibility to the Navy Exchange Service Command (NEXCOM). NEXCOM is responsible for:

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(1) Providing command and primary support, operational policies and procedures, and retail and services management responsibilities for the operation of NEXs to assure that sound business policies and procedures are established for system wide mission achievement.

(2) Fiscal management of NEX operations to ensure continuing effectiveness and protection of NAF assets. NEX general managers retain retail and services management control and accountability for funds, fixed assets and inventory through NEXCOM per reference (a).

(3) Developing and issuing fiscal management and control procedures necessary for protection and efficient administration of NAF resources.

(4) Establishing appropriate procedures for auditing NEX operations.

(5) Maintaining program and management oversight of NEXs through on-site reviews to ensure their continued effectiveness in meeting mission requirements and patron needs.

(6) Recruitment, development and placement of managers in NEX management level positions.

b. NEX operations will be under the military command of the installation commanding officers. The commanding officer is responsible for the achievement of the mission of the NEXs and ensuring that the services and support provided are responsive in meeting the needs of the customer. The commanding officer has the authority to operate the exchange within the parameters established by the program manager (NEXCOM). Responsibilities are:

(1) Review all performance to ensure the support and services provided are responsive and comprehensive in meeting the needs of the customer.

(2) Commanders must devote necessary attention and authorize resources to effectively manage these services and ensure the solvency and stability of the funds. Appropriated funds (APF) are to be used to the fullest extent possible as authorized by reference (b).

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(3) Ensure the provisions of reference (c) are met when assigning program responsibilities to ensure the strength and viability of both NEX and Morale, Welfare and Recreation (MWR) programs.

(4) NEX general managers report to the commanding officer and are responsible for appropriate compliance with the parameters appearing in references (a) through (g). Deviations from regulations, instructions, or other formal policy guidance and statements require the written approval of NEXCOM via the chain of command.

(5) Primary performance evaluation responsibility with input from NEXCOM. All general manager positions will require a second level review by NEXCOM.

c. The MWR/NEX Board of Directors established in reference (d) shall provide guidance to NEXCOM in fulfilling these assigned responsibilities. The board will:

(1) Serve to accommodate the interests of the major claimants in regard to major policy initiatives.

(2) Review the financial projections and plans for the various program elements and evaluate their effectiveness.

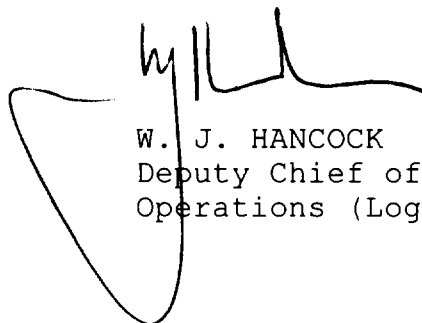
(3) Ensure equitable distribution of APF resources for NEX operations and/or capitalization. Ensure adequate distributions of nonappropriated funds to support operational and capitalization needs to the NEX and MWR programs.

d. Major claimants are responsible for monitoring NEX programs under their command. A continuing review, including management and fiscal oversight, will be maintained to ensure their effectiveness to the same extent as all other elements of command responsibility. To this end, NEX operations will be included in command inspections conducted per reference (e). NEXCOM will provide trained auditors and program personnel to assist in these inspections. The chain of command is responsible for adhering to system discipline and financial performance standards within the scope of authority and responsibility as prescribed by applicable Department of Defense, Secretary of the Navy, and NEXCOM directives.

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5. Action. NEXCOM, major claimants, and commanding officers shall effect continuing action to comply with the contents of this instruction.

A handwritten signature in black ink, consisting of a large loop on the left and a series of vertical and horizontal strokes on the right.

W. J. HANCOCK  
Deputy Chief of Naval  
Operations (Logistics)

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